

1 BEFORE THE MISSOURI GAMING COMMISSION
STATE OF MISSOURI

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Meeting
February 26, 2014
10:00 a.m.
Central Office
3417 Knipp Drive
Jefferson City, Missouri

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10 (Meeting start time: 10:00 a.m.)

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| 2 | | |
| 3 | I. Call to Order | 5:19 |
| 4 | II. Consideration of Minutes | |
| 5 | A. January 29, 2014 | 6:6 |
| 6 | III. Consideration of Relicensure of | |
| 7 | Class A and B Licensees | |
| 8 | Penn National Gaming, Inc. (Class A) | |
| 9 | The Missouri Gaming Company | |
| 10 | d/b/a Argosy Riverside Casino (Class B) | |
| 11 | * Presentation by Applicant | 7:9 |
| 12 | * Presentation by City of Riverside | 23:8 |
| 13 | * Public Comment | 30:5 |
| 14 | * Investigative Summary | 30:10 |
| 15 | * MBE/WBE Compliance Review | 32:21 |
| 16 | * Staff Recommendation | |
| 17 | B. Resolution No. 14-007 | 33:10 |
| 18 | C. Resolution No. 14-008 | 34:21 |
| 19 | IV. Consideration of Disciplinary Actions | |
| 20 | D. Pinnacle Entertainment, Inc. | |
| 21 | 1. DC-14-05636:6 | |
| 22 | E. PNK (River City), LLC | |
| 23 | 1. DC-14-05736:6 | |
| 24 | F. Casino One Corporation | |
| 25 | 1. DC-14-05836:6 | |
| 26 | G. PNK (River City), LLC | |
| 27 | 1. DC-14-05941:12 | |
| 28 | H. Aristocrat Technologies, Inc. | |
| 29 | 1. DC-14-06043:25 | |
| 30 | I. Casino One Corporation | |
| 31 | 1. DC-14-06345:3 | |
| 32 | J. WMS Gaming, Inc. | |
| 33 | 1. DC-14-06446:15 | |
| 34 | K. IOC-Cape Girardeau, LLC | |
| 35 | 1. DC-14-06547:16 | |
| 36 | L. Bally Technologies, Inc. | |
| 37 | 1. DC-14-06650:7 | |
| 38 | M. HGI-Mark Twain Casino, Inc. | |
| 39 | 1. DC-14-06750:7 | |
| 40 | V. Consideration of Placement on | |
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| 42 | N. Resolution No. 14-009 | 52:22 |
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| | 3 | VI. Consideration of Rules and Regulations | |
| | 4 | O. Final Orders of Rulemaking | 54:15 |
| | 5 | 1. 11 CSR 45-5.237 - Shipping of | |
| | 6 | Electronic Gaming Devices, Gaming | |
| | 7 | Equipment or Supplies | |
| | 8 | 2. 11 CSR 45-9.111 - Minimum | |
| | 9 | Internal Control Standards | |
| | 10 | (MICS) - Chapter K | |
| | 11 | 3. 11 CSR 45-9.119 - Minimum | |
| | 12 | Internal Control Standards | |
| | 13 | (MICS) - Chapters S | |
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| | 15 | VII. Consideration of Licensure of Level I/ | |
| | 16 | Key Applicants | |
| | 17 | P. Resolution No. 14-010 | 58:20 |
| | 18 | | |
| | 19 | VIII Motion for Closed Meeting under | |
| | 20 | Sections 313.847, Investigatory, | |
| | 21 | Proprietary and Application Records | |
| | 22 | and 610.021(1) Legal Actions, | |
| | 23 | (3) & (13) Personnel and (14) Records | |
| | 24 | Protected from Disclosure by Law | 60:11 |
| | 25 | | |

1 BEFORE THE MISSOURI GAMING COMMISSION

2 STATE OF MISSOURI

3 Meeting

4 February 26, 2014

5 10:00 a.m.

6 Central Office

7 3417 Knipp Drive

8 Jefferson City, Missouri

9

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11 COMMISSIONERS PRESENT:

12

13 Dr. Barrett Hatches, Chairman

14 Suzanne Bocell Bradley

15 Darryl T. Jones

16 Diane C. Howard

17

18

19

20 REPORTED BY:

21 Patricia A. Stewart

22 RMR, RPR, CCR 401

23 3432 West Truman Boulevard, Suite 207

24 Jefferson City, Missouri 65109

25 573-636-7551

1 P R O C E E D I N G S

2 CHAIRMAN HATCHES: Good morning.

3 AUDIENCE: Good morning.

4 CHAIRMAN HATCHES: Let me start by asking you
5 all to turn your cell phones off, please. LeAnn doesn't
6 like it when you mess with our system. Not me.

7 All right. We have a pretty -- how are you
8 doing this morning?

9 THE COURT REPORTER: Good. Thank you.

10 CHAIRMAN HATCHES: I'm just happy today. I'm
11 happy all of the time.

12 COMMISSIONER HOWARD: Are you especially
13 happy today?

14 CHAIRMAN HATCHES: Not especially happy, not
15 for any special reason.

16 Mr. Stottlemyre.

17 EXECUTIVE DIRECTOR STOTTLEMYRE: Ready to
18 call the meeting to order.

19 CHAIRMAN HATCHES: Ready to call the meeting
20 to order.

21 Angie, would you call the roll, please.

22 MS. FRANKS: Commissioner Howard.

23 COMMISSIONER HOWARD: I'm here and happy.

24 MS. FRANKS: Commissioner Jones.

25 COMMISSIONER JONES: Present.

1 MS. FRANKS: Commissioner Bradley.

2 COMMISSIONER BRADLEY: Present.

3 MS. FRANKS: Chairman Hatches.

4 CHAIRMAN HATCHES: Here.

5 All right. Mr. Stottlemyre.

6 EXECUTIVE DIRECTOR STOTTLEMYRE:

7 Consideration of Minutes for January 29, 2014.

8 CHAIRMAN HATCHES: Chair would entertain a
9 motion.

10 COMMISSIONER BRADLEY: Motion to approve.

11 COMMISSIONER HOWARD: Second.

12 CHAIRMAN HATCHES: Moved and seconded.

13 Any further discussion?

14 Angie, would you call the roll, please.

15 MS. FRANKS: Commissioner Howard.

16 COMMISSIONER HOWARD: Approve.

17 MS. FRANKS: Commissioner Jones.

18 COMMISSIONER JONES: Approve.

19 MS. FRANKS: Commissioner Bradley.

20 COMMISSIONER BRADLEY: Approve.

21 MS. FRANKS: Chairman Hatches.

22 CHAIRMAN HATCHES: Approve.

23 MS. FRANKS: By your vote you've adopted the
24 minutes of the January 29th, 2014 meeting.

25 EXECUTIVE DIRECTOR STOTTLEMYRE:

1 Mr. Chairman, the next item on the agenda is the
2 Consideration of Relicensure of Class A and B licensees.

3 And today we have Penn National Gaming,
4 Incorporated, the Class A, and The Missouri Gaming
5 Company, Argosy Riverside Casino, the Class B.

6 And I believe Mr. John Chaszar is here,
7 General Manager at the Argosy.

8 We'll turn it over to you, John.

9 MR. CHASZAR: Good morning.

10 CHAIRMAN/COMMISSIONERS: Good morning.

11 MR. CHASZAR: Mr. Chairman, Commissioners,
12 staff members, I'm glad you're all happy this morning,
13 hopefully.

14 CHAIRMAN HATCHES: Are you happy or is it too
15 soon to say?

16 MR. CHASZAR: I will let you know after the
17 passage of the resolution.

18 I'm assuming I'll remain happy.

19 Well, good morning. My name is John Chaszar.
20 I'm the General Manager and Vice-President of the Argosy
21 Casino in Riverside, Missouri.

22 What we're going to do today is I'm going to
23 go through the Class -- I'm going to have someone go
24 through the Class A license renewal presentation and
25 then I'll go through the Class B. I'll invite Mayor

1 Rose up to go through the home dock presentation, and
2 we'll take questions any time you wish to ask.

3 So with that I'd like to introduce Jim
4 Baldacci. He is our Deputy Chief Compliance Officer of
5 Penn National Gaming.

6 MR. BALDACCI: Thanks, John.

7 As he said, I'm Jim Baldacci. I'm the Deputy
8 Chief Compliance Officer for Penn National Gaming and
9 I'm here representing Penn for the renewal of its
10 Missouri Class A license.

11 I'm going to thank, Chairman Hatches, members
12 of the Commission and staff for allowing me to appear
13 today, and I'm going to give a brief overview of Penn
14 and it will be brief.

15 As I am sure you are all aware, on
16 November 1st Penn National spun off most of its real
17 estate assets into a separate publicly traded real
18 estate investment trust.

19 That transition went pretty smoothly after a
20 couple years of very hard work from Penn staff, our
21 bankers, accountants, lawyers and a lot of regulatory
22 agencies throughout the country.

23 So where does Penn stand now? Post spin real
24 estate, Penn currently owns or operates nineteen casinos
25 and seven stand-alone racetracks in 18 jurisdictions.

1 Our projected 2014 revenue is 2.6 billion.

2 As part of the spin transaction we secured a
3 new senior secured credit facility of 1.25 billion,
4 along with the issuance of 300 million in new bonds.

5 Also primarily because of the spin there have
6 been some significant managerial changes to the senior
7 ranks of Penn National.

8 Tim Wilmott, formerly the President COO of
9 Penn, has been promoted to CEO. Jay Snowden was
10 recently promoted to Chief Operating Officer from
11 Regional VP of Operations.

12 Saul Reibstein was hired as the Chief
13 Financial Officer. Now, Saul was a former Penn board
14 member and resigned his board seat to take the CFO
15 position.

16 Carl Sottosanti was promoted to General
17 Counsel from Deputy General Counsel. And with the spin
18 our former CFO, Bill Clifford, went to GLPI. Steve
19 Snyder, our VP of Development, went to GLPI. And Peter
20 Carlino resigned as CEO but he remains Chairman.

21 I missed BJ Fair, who was hired as our Chief
22 Development Officer.

23 So besides the spin and our continuing
24 operation of 26 casino and racetrack facilities
25 throughout North America, what else has Penn been up to?

1 We have four ongoing projects. We're
2 building a racetrack facility outside of Youngstown, Ohio
3 that's a \$161 million racino. It's going to have 850
4 slots expandable to 1,000, and that is -- and the
5 amenities associated with a casino and racino facility.
6 That's going to open in the fall of 2014.

7 A similar facility we're also building in
8 Dayton. That's a little bit larger facility. Once
9 again, that's also going to open in the fall of 2014.

10 At our Zia Park facility in Hobbs,
11 New Mexico, we are currently constructing a \$26 million
12 150 room hotel to compliment our existing racino
13 facility we have there.

14 And finally we have started work on a new
15 \$360 million Indian casino on the Jamul tribal land
16 outside of San Diego, California. We don't own that
17 facility but we are helping to finance it. We are
18 building it and we will manage that. That's scheduled
19 to open in late 2015, and it will be 1,700 slots and
20 50 table games, along with restaurants and other
21 amenities.

22 And besides these projects that we're
23 actually doing the work now, we have three other
24 potential development projects.

25 In Philadelphia we are competing with four

1 other companies for the right to build and operate a
2 casino facility in the City of Philadelphia. Our
3 project is a proposed \$480 million project.

4 In Massachusetts we are competing with two
5 other companies for the right to build the one available
6 slot parlor that's allowed in that state. We are -- our
7 proposal is a \$225 million facility located at the
8 existing Plainridge Park Racecourse in Southeast
9 Massachusetts, in Plainville, Massachusetts, and that
10 decision is likely this week. So they're debating this
11 all week, the Massachusetts Gaming Commission.

12 And the first issuance of any license in Mass will
13 be this one, and then they've got three large casino
14 resort licenses that they're going to take up in the
15 next quarter or two.

16 So we're hopeful we're going to get that one.
17 Keep your fingers crossed. And if anyone from Mass
18 contacts, we'd appreciate a good word if they contact
19 you folks.

20 The third project is we're in the preliminary
21 planning stages to build a \$225 million integrated
22 casino and racetrack facility in far western
23 Pennsylvania, and that's a joint venture.

24 So that's kind of what Penn has been up to as
25 of late, but we're here in Missouri today and I want to

1 emphasize our continued commitment to this state.

2 As you're all aware, in 2012 Penn purchased
3 the Harrah's St. Louis property for \$610 million, and we
4 have since that time invested \$61 million to renovate
5 that facility.

6 I think most of those renovations were
7 completed in December and included new slot product, new
8 computer systems, a completely renovated casino
9 facility. We rebranded it to the Hollywood theme, and
10 we integrated that into our Penn Marquee Rewards System,
11 player club system.

12 So I was just there, the first time I had the
13 opportunity to go there. I was there yesterday on my
14 way before I came out here, and it's a beautiful
15 facility. I think they did a wonderful job in
16 renovating that facility.

17 John will talk about our continued investment
18 in Argosy Riverside when he gets up here.

19 So in conclusion, since our last renewal I
20 know we've been keeping the Commission busy and its
21 staff with the transaction, with the Marquee Rewards,
22 the integration of our two of Missouri properties and
23 the remodel of our Hollywood St. Louis facility.

24 And with that I respectfully request your
25 approval of the renewal of the Class A license for Penn

1 National Gaming and would be happy to answer any
2 questions now or later on if you'd like.

3 CHAIRMAN HATCHES: Any questions from the
4 Commission?

5 Not at this time. Thank you.

6 MR. CHASZAR: You have in your books the
7 agenda for today's presentation for the Class B. I'll
8 just move on to the next slide.

9 I want to introduce some folks I have here
10 that work with me at Argosy Casino.

11 First I'd like to introduce Amy Brennan.
12 She's our Vice-President of Human Resources. Greg
13 Personelli. He's our Vice-President of Gaming
14 Operations. Tim Kelley is Vice-President of Nongaming
15 Operations. Chris Bruno, our CFO. Tom Teesdale, our
16 Vice-President of Marketing. Wendy Malotte, our
17 Compliance Manager. And Ali Hashemy. He's our
18 Purchasing Manager.

19 Moving on to the development agreement.

20 All rents are current. This is the tiered
21 structure of our rent payments.

22 The slight decrease in rent is directly
23 reflective of the economy and also the opening of
24 Hollywood Casino Speedway affecting the Missouri
25 market.

1 Moving on to our AGR projections.

2 In 2012 you saw that we had what in theory
3 was a very good year. We overestimated the impact of
4 Hollywood Casino when opened in 2012.

5 You can see in 2013 we actually got our act
6 together when it comes to projections.

7 But Hollywood Casino took actually a lot
8 longer to ramp up. I was happy about it but the folks
9 at Hollywood weren't. But we're a team member.

10 CHAIRMAN HATCHES: So you said in 2012 you
11 overprojected?

12 MR. CHASZAR: We overprojected the amount of
13 business we would have lost to Hollywood Casino when
14 they opened. So, yeah, it was a good thing for us in
15 Missouri.

16 CHAIRMAN HATCHES: All right.

17 MR. CHASZAR: And admissions are along the
18 same line with the projections.

19 Jim mentioned the continuing investment with
20 Penn National in the Riverside property. As you look at
21 the capital investment of 5.8 million in 2012; 2013,
22 4.5 million.

23 I want to point out the Casino Air under 2013
24 was not a private jet for myself. That is actually an
25 air treatment system that we installed. It's a

1 phenomenal system. It takes the -- it literally -- you
2 have to experience it.

3 There's an Indian casino in Topeka that we
4 went and saw firsthand how this works. One of the --
5 obviously one of the biggest complaints we get is from
6 our nonsmokers about smoking in a casino. Obviously the
7 Commission gets a lot of comments about that as well.

8 Casino Air is a system that literally
9 attaches molecules to the smoke in the area and filters
10 it out of the air.

11 And the biggest test is when you've been in
12 smoky places and your clothes smell like smoke.
13 When you leave our casino, your clothes don't smell like
14 smoke. It's a phenomenal system. We are looking to
15 install it in several of our other properties.

16 It's probably -- I've been in this business
17 and you've had these snake oil salesmen forever
18 telling you it will work. This system actually works.
19 And it was about a \$250,000 investment. In fact, this
20 year we're going to expand it to other areas of the
21 facility.

22 2014, basically a similar investment of
23 4.4 million. I just want to point out, the majority of
24 our -- more than half of our capital investment goes to
25 refreshing our slot product. The other basically half

1 goes to refreshing the property itself.

2 The onsite warehouse, we currently lease a
3 warehouse off property, and it can be rather a pain for
4 our team members. It requires a truck to go get their
5 stuff.

6 And so we are looking into the possibility of
7 building a facility on property that will -- that will,
8 No. 1, save us costs on rental of a facility, but also
9 from an employee engagement standpoint, not having to
10 lug slot machines in and out of a truck and into a
11 warehouse. They can actually just wheel them in out of
12 our back parking lot into the casino floor and help us
13 with staging.

14 So it's got a win-win for us on several
15 levels.

16 Demographics.

17 You can see the majority of our employees do
18 live in Missouri. We are -- our proximity to the state
19 of Kansas does lend for a few of our folks to live in
20 the state of Kansas.

21 Gender makeup of 47 percent female,
22 53 percent male.

23 Moving on to the hiring minority.

24 You can see that based on our demographics
25 and regional demographics, we've seen in all -- as it

1 reflects in minority hiring, we've seen in all levels
2 throughout the Platte County region.

3 The breakout of compensation by position.
4 The tip is just our base pay. It doesn't include the
5 tips they receive from our patrons.

6 CHAIRMAN HATCHES: This is all employees.
7 right?

8 MR. CHASZAR: Correct. Yes.

9 Moving on to minority supplier update. I'm
10 not going to read through all of this.

11 The key emphasis on this page is just to
12 emphasize the fact that we look for opportunities for
13 finding minority and women vendors.

14 You'll see on the next slide, we have made
15 significant process over the last couple years at this
16 property. It's an upward trend. But we're always
17 looking for an opportunity to do business with a
18 minority or woman vendor.

19 I'll move on to the next slide.

20 Though not big numbers they are big
21 improvements, more than doubling since 2010. The trend
22 is moving up.

23 You know, minority spend has been minimal
24 increases but it has been an increase. Women enterprise
25 have actually almost tripled at our property over the

1 last four years.

2 The next graph shows the actual progression
3 if you combine both minority and women spending with our
4 vendors.

5 Responsible gaming.

6 Let me go back real quick.

7 One thing that we changed in the last two
8 years is we lowered the threshold also from 5,000 to
9 2,000 for required bids. That has assisted us in
10 finding more and more vendors that we can do business
11 with.

12 Moving on.

13 Responsible gaming.

14 We take this very, very seriously. We
15 understand we're in the entertainment business and we
16 want to be in the entertainment, but we do realize that
17 a certain percentage of our patrons do have an issue
18 with gambling habits and alcohol habits.

19 And so we have a lot of policies in place to
20 manage this process, but we also meet quarterly to talk
21 about issues, talk about our policies and refining the
22 issues. We do meet daily with issues.

23 We have excluded patrons that we felt have
24 had issues at the property without having to be on the
25 DAP list, without them actually volunteering to be off,

1 to be excluded from our property.

2 We do take this very, very seriously. Like I
3 said, we want to be in the entertainment business. We
4 don't want to take money from people with issues.

5 You know, one of the things I want to talk
6 about at the very bottom here is the excluded patrons at
7 any Penn property.

8 Jim brought up that this past couple years we
9 combined our slot system, our player tracking system,
10 with our properties within the Penn region.

11 If you exclude at any Penn property
12 throughout the entire country, you are excluded at our
13 property. You are not welcome at our property.

14 And so we treat them with a variation of the
15 DAP process. They're obviously not arrested since it's
16 not a violation. In Missouri, if you exclude in Kansas,
17 we do not welcome those patrons into our casino. And we
18 treat them as such, treat them nicely but they are not
19 welcome in our casino.

20 If they have a problem in one state, they
21 have a problem in all states as far as we're concerned.

22 Moving on. You know, one of things I know
23 that is near and dear to the Commission's heart is
24 minors entering casinos and gambling and drinking.

25 I arrived here two and a half years ago and

1 understood the seriousness of how this Commission takes
2 minors on a property, and so do we, but one of the
3 things I was dumfounded is there is no penalty for a
4 minor to attempt to enter a casino.

5 You know, talking with our boat sergeant and
6 talking with folks, you know, it's illegal for someone
7 to walk into a store under the age of 21 to try to
8 purchase beer, but they don't have police officers in
9 the 7-Eleven so they usually don't get arrested, but we
10 do have officers at our property.

11 And so I worked with the City and with the
12 Mayor and the Chief of Police, and we passed an
13 ordinance this past year. It went into effect
14 New Year's Eve weekend at our property, where if you're
15 a minor and you attempt to enter our casino, it is
16 actually against City ordinance to attempt to enter our
17 casino.

18 And just to show you the impact it's had,
19 We used to average between anywhere from 15 to 30 folks
20 under the age of 21 attempting to get in our casino.
21 These folks played games. They played games not only
22 with our business as far as being fined but also played
23 games with folks that work for me and their livelihood,
24 because they get suspended if they don't catch this.

25 And so we used to average between 15 and

1 30 minors attempting to get into the casino. This
2 dropped dramatically. In the first -- this went into
3 effect New Year's Eve weekend. In the first month we
4 only had probably four citations issued, but since then
5 it's picked up a little bit, but we've had almost a
6 dozen people actually cited by the Riverside Police
7 Department, but to think about that, that we were
8 averaging between 15 and 30 minors attempting, and now
9 these signs are posted everywhere in our casino, saying
10 if you attempt to enter, you will be arrested.

11 And so the deterrent -- and it really was.
12 It wasn't that I wanted to see kids go to jail. It was
13 a deterrent to help my folks to do their job and not
14 having kids playing games and coming back over and over
15 and over again trying to enter our casino.

16 And so this has helped us dramatically at our
17 property. Like I said, it went into effect New Year's
18 Eve weekend, and since then -- I don't know the exact
19 number, but it's approximately twelve citations have
20 been issued.

21 And our boat sergeant works closely with
22 Chief Mills, and the local boat sergeants hold the
23 individual until Riverside can arrive to issue the
24 citation. So it's worked out very well for us.

25 And I believe we're the first jurisdiction in

1 the state of Missouri to pass this ordinance.

2 Moving on, charitable contributions.

3 You know, our community involvement is one of
4 the most important things we do, and we hold it near and
5 dear to our heart. We participate in several nonprofit
6 organizations.

7 Several of the executive members that I just
8 mentioned sit on the Board of Directors of these
9 charities.

10 And so, you know, 288,000 in kind and then
11 also in actual cash donations to these folks.

12 Moving on, just more folks, more
13 demonstration of our employees' commitment to local
14 charities.

15 We also have a charity time-off policy, where
16 we pay up to 16 hours per year for an employee to
17 volunteer their time and not lose pay by doing it during
18 their work hours.

19 During this time period 525 hours were
20 volunteered by our employees that we have reimbursed
21 them for with local charities, and we continue to
22 encourage and to participate them in the local charities
23 on their own time.

24 So with that, any questions of myself before
25 I welcome up the mayor?

1 CHAIRMAN HATCHES: Any questions from the
2 Commission?

3 MR. CHASZAR: Okay. I'll be back up at the
4 end if you have any other questions.

5 With that I'd like to introduce Mayor Rose,
6 City of Riverside.

7 CHAIRMAN HATCHES: Thank you.

8 MS. ROSE: Good morning, Mr. Chairman --

9 CHAIRMAN/COMMISSIONER: Good morning.

10 MS. ROSE: -- Honorable Commission. Thank
11 you very much for allowing us to be here.

12 I'm going to start off with -- we got a few
13 slides.

14 And although gaming revenues are down,
15 Riverside is committed to using the revenues we receive
16 each year, plus money from our general fund, to provide
17 top-quality services to our citizens.

18 Our priority is to use gaming revenue as a
19 way to enhance our essential city services and not
20 subsidize them.

21 Riverside gave \$135,000 to our community
22 partners to provide key services to our residents.
23 Organizations included our Fire and Police Athletic
24 League, which helps police officers and firemen connect
25 with kids in the city. We've also participated with the

1 Health Department to provide school supplies to children
2 in need, the Park Hill School District to provide a
3 remedial reading program for kids in Riverside and a
4 variety of organizations that provide medial care for
5 those who can't otherwise afford it.

6 The city's partnerships with these
7 organizations help our residents receive important
8 services that improve their quality of life.

9 94 percent of Riverside residents said that
10 Riverside was an excellent place to live in our 2012 ETC
11 survey. One reason is because of the high quality of
12 city services we provide.

13 By contracting out some of the city services,
14 like trash and recycling, transit and our ambulance
15 service, we are able to ensure that we provide high-
16 quality services in the most efficient way possible.

17 One program we are especially proud of is our
18 Healthy Citizens Initiative. Through this program the
19 City pays 75 percent of our residents' membership fees
20 to other area community centers instead of running our
21 own full-service community center.

22 This program allows the city to help support
23 other cities in the area and provide an important
24 amenity to our residents. To date more than one-third
25 of our residents participate in the Healthy Citizens

1 Initiative.

2 Gaming revenue has allowed us to do important
3 upgrades to almost all of the streets throughout town.
4 The Northwood Road project was a one-mile section of
5 unimproved road that connected Riverside and surrounding
6 communities to Park Hill South High School and the area
7 highway system.

8 This multi-year project involved widening the
9 road, level hills and adding sidewalks, all in an effort
10 to create a safe roadway for those who travel on it
11 every day.

12 Another key focus in Riverside has been our
13 trail system. We have focused on creating trail
14 connections between our city parks and creating a loop
15 around the city. We are also working on connecting
16 Riverside trails to the trails in our neighboring
17 communities.

18 As Riverside continues to grow, it is
19 important that we continue to invest in the services
20 needed to support that growth.

21 Additional lane miles and our expanding trail
22 system called for upgrades to equipment in our Public
23 Works Department and the purchase of additional vehicles
24 to support snow plowing and mowing.

25 Riverside ranks the highest in the entire

1 Kansas City Metro in satisfaction in snow removal, with
2 89 percent of our residents satisfied with the service
3 we provide in this area.

4 The Public Safety Department has also started
5 their transition from the Ford Crown vehicle to the
6 Dodge Police Challenger.

7 Riverside and Argosy recently worked together
8 to find the best solution for proposed improvements to
9 the Fairfax Bridge. The proposed project would have a
10 significant financial impact to Argosy, the city and the
11 state, since 70 percent of Argosy's customers use the
12 bridge to reach the property.

13 For the State of Missouri that would have
14 meant a financial impact of \$10,000 a day, 3.6 million
15 annually and 18 million over the course of five years.

16 Riverside and Argosy reached out to the
17 Missouri Highway Commission and the Missouri Department
18 of Transportation, and we are currently working on
19 finding a solution that will meet the needs of all
20 parties.

21 My final comments, the most important thing
22 for the city is our relationship with the Argosy. Over
23 the years we've built a very strong partnership together
24 based on three crucial components.

25 Communication. We have an open and

1 collaborative dialogue about financial projections,
2 infrastructure, safety and security.

3 Aligned interests. We recognize that if the
4 Argosy is successful, the city and the state are
5 successful as well.

6 As I've talked about today, we also look at
7 other organizations and not-for-profits that can benefit
8 from the successful partnership.

9 Third, community and workforce engagement.
10 Argosy is a very active corporate citizen in Riverside
11 and the Northland.

12 Argosy has positively impacted and shaped the
13 development of the City of Riverside. We are proud to
14 have them as our partner and look forward to many more
15 years of shared success.

16 Thank you for allowing me to be here this
17 morning. If you have any questions, I can certainly
18 answer them.

19 CHAIRMAN HATCHES: Thank you.

20 Any questions for the mayor? Thank you.

21 MR. ROSE: All right. And I'll turn it over
22 to our City Administrator and Director of Public Safety,
23 Greg Mills.

24 MR. MILLS: Thank you.

25 As the Director of Public Safety for

1 Riverside, my primary responsibility is with the fire
2 and police service for the city.

3 And when we talk about our relationship with
4 the Argosy, what we talk about and what we point out is
5 that it is not a reactive relationship. It is a
6 proactive relationship.

7 We identify problems. We identify issues.
8 We work collaboratively with the staff.

9 There is no better example of that than the
10 ordinance that Mr. Chaszar talked about on those who are
11 underage trying to get themselves onto the boat.

12 I would encourage every home dock city to
13 consider that because it is a big deal.

14 And what we find is that if you take care of
15 the small problems, it helps the bigger problems from
16 occurring.

17 Generally we make about 50 arrests per year
18 on the Argosy property. The most serious crime is
19 larceny. That's about 15 a year, stealing. The rest is
20 for drunk and disorderly conducts, those things which
21 you would always expect to have where you have a large
22 group of people congregating.

23 We make about 175 emergency medical calls
24 with the fire department there a year on medical
25 emergencies.

1 Our relationship and our experience with the
2 Argosy staff and their public safety staff has always
3 been one of professionalism and cooperation and making
4 sure that they identify to us problems before they occur
5 and before they spin out of control, and that is that
6 proactive part of our relationship.

7 I wish that -- we don't have very many bad
8 partners in Riverside, but I wish that all of our
9 partners was as good as what the Argosy staff is because
10 it would make my job a lot easier if that was the case.

11 If there are any questions for me, I'll be
12 glad to answer those. Otherwise, that concludes my
13 comments.

14 CHAIRMAN HATCHES: Thank you.

15 Any questions?

16 MR. MILLS: Thank you.

17 MR. CHASZAR: That concludes our presentation
18 of our renewal license, if there are any further
19 questions or followup questions for me.

20 CHAIRMAN HATCHES: Is that it?

21 MR. CHASZAR: That's it. Trying to keep you
22 happy. Well, anyway.

23 On behalf of the 755 employees of Argosy
24 Casino, I respectfully ask that you renew our license.

25 Thank you very much.

1 CHAIRMAN HATCHES: Thank you.

2 Any questions from the Commission at all from
3 anyone?

4 Mr. Stottlemyre.

5 EXECUTIVE DIRECTOR STOTTLEMYRE: Next would
6 be any public comments, if there is someone here that
7 would like to make a comment.

8 And if not, we would have the investigative
9 summary by Sergeant Gary Davidson.

10 SERGEANT DAVIDSON: Good morning,
11 Mr. Chairman and Commissioners.

12 CHAIRMAN/COMMISSIONERS: Good morning.

13 SERGEANT DAVIDSON: The Missouri Gaming
14 Company, LLC, doing business as Argosy Riverside Casino,
15 later referred to as Argosy, submitted a relicensing
16 investigation -- or application to the Missouri Gaming
17 Commission on September 3rd, 2013 for renewal of its
18 Class B riverboat gaming license.

19 Argosy's parent company, Penn National
20 Gaming, Incorporated, and hereinafter referred to as
21 Penn, is also being considered for renewal of its
22 associated Class A riverboat gaming license, and
23 submitted a relicensing application to the Missouri
24 Gaming Commission on August 22nd, 2013. You will find
25 resolutions to both of these licenses under Tabs B and C

1 in your book.

2 Argosy initially was granted a license by the
3 Commission on June 22nd, 1994. On December 21st, 2004
4 Penn submitted an application to the Commission for
5 licensure in the state of Missouri for the purpose of
6 purchasing Argosy Gaming Company.

7 On July 29th, 2005 Penn was licensed by the
8 Commission as a key business entity and the company
9 completed the acquisition of Argosy on October 3rd,
10 2005.

11 Penn, through its subsidiaries, holds a
12 100 percent ownership interest in Argosy. The
13 Commission has found Argosy and Penn suitable for
14 licensure during each of the subsequent relicensing
15 investigations. The current Class A and Class B
16 licenses were approved by the Commission on
17 February 22nd, 2012 and are scheduled to expire on
18 February 28th, 2014.

19 Missouri State Highway Patrol background
20 investigators, working in conjunction with Missouri
21 Gaming Commission financial investigators, conducted an
22 investigation into the suitability of Argosy and Penn to
23 continue to operate as Class B and Class A licenses
24 respectively.

25 The investigations included, but were not

1 limited to, criminal, financial and general character
2 inquiries of associated key and Level I personnel, to
3 include where they lived, worked and frequented.

4 The City of Riverside and Platte County, as
5 well as State and Federal agencies having regulatory
6 authority over Argosy and Penn, were contacted. There
7 were no issues, concerns or negative information
8 disclosed.

9 The findings of these investigations were
10 provided to the Missouri Gaming Commission staff for
11 their review and you possess a detailed summary report
12 in front of you. The investigating officers are present
13 at this hearing and would be happy to entertain any
14 questions you might have.

15 CHAIRMAN HATCHES: Thank you.

16 SERGEANT DAVIDSON: Thank you, sir.

17 CHAIRMAN HATCHES: Any questions?

18 EXECUTIVE DIRECTOR STOTTLEMYRE: Next would
19 be the MBE/WBE Compliance Review. Ms. Cheryl Bonner
20 will present.

21 MS. BONNER: Good morning, Mr. Chairman and
22 Commissioners.

23 CHAIRMAN/COMMISSIONERS: Good morning.

24 MS. BONNER: On October 22nd, 2013 the
25 Missouri Gaming Commission staff conducted a 100 percent

1 audit of the MBE/WBE records for the Class B licensee
2 Argosy Riverside Casino.

3 The results of our audit and specific details
4 related to those findings are contained with the
5 comprehensive summary report in your possession.

6 I will be happy to answer any questions.

7 CHAIRMAN HATCHES: Any questions from the
8 Commissioners?

9 Mr. Stottlemire.

10 EXECUTIVE DIRECTOR STOTTLEMYRE: Staff would
11 recommend approval of Resolution No. 14-007.

12 CHAIRMAN HATCHES: Chair would entertain a
13 motion.

14 COMMISSIONER JONES: Mr. Chairman, prior to
15 the approval or disapproval of Resolution No. 14-007,
16 could I ask that we correct that resolution?

17 Down at the bottom I think the date states
18 that it's effective February 29th.

19 I'm not sure you guys want to wait until leap
20 year.

21 EXECUTIVE DIRECTOR STOTTLEMYRE: Point well
22 taken.

23 CHAIRMAN HATCHES: Only someone who has been
24 around as long as Darryl would catch that.

25 Angie, are you making that correction?

1 MS. FRANKS: Yes. I got it.

2 CHAIRMAN HATCHES: Got it.

3 Maybe nobody is going to make a motion.

4 COMMISSIONER JONES: I make a motion to
5 approve Resolution No. 14-007 with corrections.

6 COMMISSIONER BRADLEY: Second.

7 CHAIRMAN HATCHES: It's been moved and
8 seconded.

9 Any further discussion?

10 Angie, would you call the roll, please.

11 MS. FRANKS: Commissioner Howard.

12 COMMISSIONER HOWARD: Approve.

13 MS. FRANKS: Commissioner Jones.

14 COMMISSIONER JONES: Approve.

15 MS. FRANKS: Commissioner Bradley.

16 COMMISSIONER BRADLEY: Approve.

17 MS. FRANKS: Chairman Hatches.

18 CHAIRMAN HATCHES: Approve.

19 MS. FRANKS: By your vote you've adopted
20 Resolution No. 14-007.

21 EXECUTIVE DIRECTOR STOTTLEMYRE: And Staff
22 also recommends approval of Resolution No. 14-008.

23 CHAIRMAN HATCHES: Chair would entertain a
24 motion.

25 COMMISSIONER JONES: Do we have corrections?

1 MS. FRANKS: Yes.

2 COMMISSIONER JONES: Okay.

3 CHAIRMAN HATCHES: With the same correction.

4 COMMISSIONER JONES: Right.

5 Move for the acceptance of Resolution

6 No. 14-008 with corrections.

7 COMMISSIONER BRADLEY: Second.

8 CHAIRMAN HATCHES: Moved and seconded.

9 Any further discussion?

10 Angie, would you call the roll, please.

11 MS. FRANKS: Commissioner Howard.

12 COMMISSIONER HOWARD: Approve.

13 MS. FRANKS: Commissioner Jones.

14 COMMISSIONER JONES: Approve.

15 MS. FRANKS: Commissioner Bradley.

16 COMMISSIONER BRADLEY: Approve.

17 MS. FRANKS: Chairman Hatches.

18 CHAIRMAN HATCHES: Approve.

19 MS. FRANKS: By your vote you've adopted

20 Resolution No. 14-008.

21 CHAIRMAN HATCHES: Congratulations. See you

22 next year.

23 MR. CHASZAR: I'm happy.

24 CHAIRMAN HATCHES: We'll work on that.

25 EXECUTIVE DIRECTOR STOTTLEMYRE: Okay.

1 Mr. Chairman, the next item on the agenda is
2 Consideration of Disciplinary actions, and Mr. Ed
3 Grewach will present.

4 MR. GREWACH: Good morning.

5 CHAIRMAN/COMMISSIONERS: Good morning.

6 MR. GREWACH: The items under Tabs D, E and F
7 all arise out of the same occurrence, so I'm going to
8 give the factual background together and then address
9 each one individually after that.

10 Of course, as you know, Pinnacle is a Class A
11 licensee that operates River City Casino and Lumiere
12 Casino.

13 In 2013 they had a promotion called the
14 mycash multiplier. On special dates -- a particular
15 date on each month was chosen and any patron playing
16 with his mychoice card on that date would win a certain
17 multiplier times the points he would have otherwise
18 earned.

19 The date for this instance was March 25th,
20 2013 and the patrons playing during that time were to
21 receive five times the points they would have otherwise
22 earned.

23 The process is that once the date occurred --
24 and these occurred on a monthly basis at this point in
25 time -- then the information was sent in a spreadsheet

1 prepared showing the patron play for that day.

2 Once that spreadsheet was completed, then
3 that would be sent down to both River City and to
4 Lumiere for personnel at those two properties, and it
5 was their job to verify the accuracy of the spreadsheet
6 by spot checking it against the player tracking
7 information of certain patrons that showed up on those
8 lists.

9 What happened was that there was a mistake
10 and the playing information used was actually for the
11 date in February instead of the date in March to give
12 the multipliers to the patron.

13 So in other words, the people that played
14 that date in February got the points in February and
15 then got the extra points again -- issued again in
16 March, and the people that played in March who should
17 have got them on the March 25th date did not get their
18 multiplier.

19 Both the error in the spreadsheet obviously
20 in picking the day and the error in the two property
21 levels of not doing the spot-check and finding the
22 problem as it occurred.

23 There was a patron complaint which led them
24 to take a look at the problem. They realized their
25 mistake and adjusted it to award the March points and

1 then also allowing the players who got the extra points
2 in February to retain those.

3 They did send a response to their 14-day
4 letter. The first response was -- there were two
5 violations here. One is that they didn't award the
6 points according to the rules of the promotion, which
7 said they were to be rewarded within seven days of the
8 conclusion of the promotion. They, in fact, were
9 awarded nine days after the conclusion of the promotion.

10 But the other violation cited is the
11 prohibition against holding any promotional activity
12 that reflects negatively on either the licensee or
13 gaming in Missouri in general.

14 The response was, well, they were only two
15 days late, that the February winners also received a
16 windfall of about \$44,000 for receiving -- for getting
17 paid twice for those points that they earned and that
18 the mistake was due to human error.

19 The DRB had recommended against all three
20 companies a \$5,000 fine. After a renewal of the 14-day
21 letter, DRB voted to keep the fine, in that they felt
22 this error, which happened on so many levels, in the
23 preparation of the spreadsheet and the failing to catch
24 it in the spot checking, did reflect negatively on the
25 licensee and on gaming in Missouri.

1 So with that, Tab D is the \$5,000 recommended
2 fine and preliminary order of discipline against
3 Pinnacle Entertainment, Incorporated.

4 CHAIRMAN HATCHES: Thank you. Any questions?
5 Chair would entertain a motion.

6 COMMISSIONER JONES: Move for the acceptance
7 of DC-14-056.

8 COMMISSIONER BRADLEY: Second.

9 CHAIRMAN HATCHES: Moved and seconded.
10 Any further discussion?

11 Angie, would you call the roll, please.

12 MS. FRANKS: Commissioner Howard.

13 COMMISSIONER HOWARD: Approve.

14 MS. FRANKS: Commissioner Jones.

15 COMMISSIONER JONES: Approve.

16 MS. FRANKS: Commissioner Bradley.

17 COMMISSIONER BRADLEY: Approve.

18 MS. FRANKS: Chairman Hatches.

19 CHAIRMAN HATCHES: Approve.

20 MS. FRANKS: By your vote you've adopted
21 DC-14-056.

22 MR. GREWACH: Tab E is a proposed order of
23 discipline against PNK (River City) LLC for \$5,000 for
24 the same incident.

25 CHAIRMAN HATCHES: Any questions?

1 Chair would entertain a motion.

2 COMMISSIONER BRADLEY: Motion to approve
3 DC-14-057.

4 COMMISSIONER HOWARD: Second.

5 CHAIRMAN HATCHES: Moved and seconded.

6 Any further discussion?

7 Angie, would you call the roll, please.

8 MS. FRANKS: Commissioner Howard.

9 COMMISSIONER HOWARD: Approve.

10 MS. FRANKS: Commissioner Jones.

11 COMMISSIONER JONES: Approve.

12 MS. FRANKS: Commissioner Bradley.

13 COMMISSIONER BRADLEY: Approve.

14 MS. FRANKS: Chairman Hatches.

15 CHAIRMAN HATCHES: Approve.

16 MS. FRANKS: By your vote you've adopted
17 DC-14-057.

18 MR. GREWACH: Tab F is a recommendation of a
19 \$5,000 fine and a preliminary order of discipline
20 against Casino One Corporation.

21 COMMISSIONER HOWARD: Move to approve
22 DC-14-058.

23 COMMISSIONER JONES: Second.

24 CHAIRMAN HATCHES: Moved and seconded.

25 Any further discussion?

1 Angie, would you call the roll, please.

2 MS. FRANKS: Commissioner Howard.

3 COMMISSIONER HOWARD: Approve.

4 MS. FRANKS: Commissioner Jones.

5 COMMISSIONER JONES: Approve.

6 MS. FRANKS: Commissioner Bradley.

7 COMMISSIONER BRADLEY: Approve.

8 MS. FRANKS: Chairman Hatches.

9 CHAIRMAN HATCHES: Approve.

10 MS. FRANKS: By your vote you've adopted

11 DC-14-058.

12 MR. GREWACH: Tab G is a preliminary order of

13 discipline directed to PNK (River City), LLC. It

14 involves the violation of Section 45-8.130 of our

15 regulations.

16 That regulation limits the Level II licensees

17 that are eligible to receive tips. If you're not on

18 that list of people that are eligible to receive tips,

19 then it's a violation to receive tips from a patron.

20 In April of 2013 River City hosted the

21 Heartland Poker Tournament.

22 What occurs when these tournaments are posted

23 is that the properties bring in employees from the

24 outside. They become the property's employees for the

25 duration of the tournament. They are required to be

1 licensees -- Level II licensees as employees of the
2 company for the purpose of holding the tournament.

3 So at that tournament, on the last day of the
4 tournament, seven of those Level II licensees that were
5 not authorized to receive tips, each received a \$100 tip
6 from a patron which was distributed through another one
7 of the Level II licensees who was there for the purpose
8 of conducting the Heartland Poker Tournament.

9 DRB recommended a \$10,000 fine. We did
10 receive a response from the property. The response was
11 that the one person that took the chips from the patron,
12 what happened was the one person named Bevill took the
13 chips from the patron, took them to the cage window, got
14 the cash and went back and distributed the cash to the
15 other employees.

16 The response was that one of their permanent
17 employees refused to accept the tip, and as a matter of
18 fact, reported the incident up the chain of command.

19 And they also indicated that they've taken
20 additional measures to educate the persons that are
21 going to be working through the poker tournaments to try
22 to prevent that type of thing from happening again.

23 It's staff's position after reviewing that,
24 that we still felt the fine was appropriate, in that the
25 tournament is held at the casino's property and that the

1 casino is responsible for all of the Level IIs
2 regardless of their -- whether they're temporary, just
3 brought in for the purpose of the tournament, but
4 they're responsible not only to train them but to
5 supervise their activity to ensure that this type of
6 thing does not happen.

7 CHAIRMAN HATCHES: Any questions?

8 Chair would entertain a motion.

9 COMMISSIONER HOWARD: I'll move for approval
10 of DC-14-059.

11 COMMISSIONER JONES: Second.

12 CHAIRMAN HATCHES: Moved and seconded.

13 Any further discussion?

14 Angie, would you call the roll, please.

15 MS. FRANKS: Commissioner Howard.

16 COMMISSIONER HOWARD: Approve.

17 MS. FRANKS: Commissioner Jones.

18 COMMISSIONER JONES: Approve.

19 MS. FRANKS: Commissioner Bradley.

20 COMMISSIONER BRADLEY: Approve.

21 MS. FRANKS: Chairman Hatches.

22 CHAIRMAN HATCHES: Approve.

23 MS. FRANKS: By your vote you've adopted

24 DC-14-059.

25 MR. GREWACH: Tab H is a preliminary order of

1 discipline directed to Aristocrat Technologies,
2 Incorporated.

3 On May the 3rd, 2013 Aristocrat shipped
4 50 flashcards with revoked software to Ameristar
5 St. Charles Casino.

6 This particular company has had eight priors
7 for similar events since 2009. The DRB recommended a
8 \$25,000 fine. We might note that Aristocrat did not
9 respond to the 14-day letter.

10 CHAIRMAN HATCHES: Any questions?

11 Chair would entertain a motion.

12 COMMISSIONER JONES: Move for the acceptance
13 of DC-14-060.

14 COMMISSIONER BRADLEY: Second.

15 CHAIRMAN HATCHES: Moved and seconded.

16 Any further discussion?

17 Angie, would you call the roll, please.

18 MS. FRANKS: Commissioner Howard.

19 COMMISSIONER HOWARD: Approve.

20 MS. FRANKS: Commissioner Jones.

21 COMMISSIONER JONES: Approve.

22 MS. FRANKS: Commissioner Bradley.

23 COMMISSIONER BRADLEY: Approve.

24 MS. FRANKS: Chairman Hatches.

25 CHAIRMAN HATCHES: Approve.

1 MS. FRANKS: By your vote you've adopted
2 DC-14-060.

3 MR. GREWACH: Tab I is a preliminary order of
4 discipline directed to Casino One Corporation for
5 Lumiere Casino.

6 CSR 45-7.110 requires both video and audio
7 coverage in all areas of the security office.

8 On May 17th, 2013 it was discovered that
9 there was no audio coverage in the security office. The
10 investigation indicated that there was also no audio
11 coverage the day before that.

12 The DRB's recommendation was a \$2,500 fine.

13 Lumiere did respond to the 14-day letter.
14 They indicated in that response they were in the process
15 of an upgrade of their system, that there was a
16 malfunction in the chip that was to provide the audio
17 and it took the vendor several days to fix that problem
18 with that chip, but indicated to us that it has now been
19 fixed and should not have any further malfunctions.

20 DRB voted to keep the \$2,500 fine
21 recommendation.

22 CHAIRMAN HATCHES: Any questions?

23 Chair would entertain a motion.

24 COMMISSIONER BRADLEY: Motion to approve
25 DC-14-063.

1 COMMISSIONER JONES: Second.

2 CHAIRMAN HATCHES: Moved and seconded.

3 Any further discussion?

4 Angie, would you call the roll, please.

5 MS. FRANKS: Commissioner Howard.

6 COMMISSIONER HOWARD: Approve.

7 MS. FRANKS: Commissioner Jones.

8 COMMISSIONER JONES: Approve.

9 MS. FRANKS: Commissioner Bradley.

10 COMMISSIONER BRADLEY: Approve.

11 MS. FRANKS: Chairman Hatches.

12 CHAIRMAN HATCHES: Approve.

13 MS. FRANKS: By your vote you've adopted

14 DC-14-063.

15 MR. GREWACH: Tab J is a preliminary order of

16 discipline directed to WMS Gaming, Incorporated. The

17 company shipped three pieces of revoked software to

18 Argosy Casino on May the 2nd, 2013.

19 The DRB recommended fine was \$2,500, and I

20 would also point out that this is this company's first

21 offense for shipping revoked software.

22 CHAIRMAN HATCHES: Thank you.

23 Any questions?

24 Chair would entertain a motion.

25 COMMISSIONER JONES: Move for the acceptance

1 of DC-14-064.

2 COMMISSIONER HOWARD: Second.

3 CHAIRMAN HATCHES: Moved and seconded.

4 Any further discussion?

5 Angie, would you call the roll, please.

6 MS. FRANKS: Commissioner Howard.

7 COMMISSIONER HOWARD: Approve.

8 MS. FRANKS: Commissioner Jones.

9 COMMISSIONER JONES: Approve.

10 MS. FRANKS: Commissioner Bradley.

11 COMMISSIONER BRADLEY: Approve.

12 MS. FRANKS: Chairman Hatches.

13 CHAIRMAN HATCHES: Approve.

14 MS. FRANKS: By your vote you've adopted

15 DC-14-064.

16 MR. GREWACH: Tab K is a preliminary order of
17 discipline directed to IOC-Cape Girardeau, LLC.

18 The casino sponsored a promotion in which
19 coupons were e-mailed to patrons. The instruction in
20 the e-mail was for the patrons to print off the coupon
21 and to bring it to the cage to redeem it.

22 It also stated in the instructions that if
23 they were unable to print off the coupon, that they
24 could forward it to an e-mail address that was provided
25 by the casino that the casino had set up and then they

1 could come and have the casino print off the coupon.

2 On June 1st, 2013 patrons arrived on the date
3 of the promotion and several asked the casino to print
4 out the coupons. Unfortunately, the e-mail address that
5 the casino had set up did not work.

6 And so then the alternative that the casino
7 came up with on the spot was to have the patrons forward
8 the e-mails to the cage manager's individual e-mail
9 address, but some of those didn't come through, some of
10 them did come through but for some reason were unable to
11 print.

12 So then as an additional response or solution
13 to this they decided to hand write out the coupons. It
14 ended up there were eleven coupons that they had to hand
15 write out. Those coupons that were handwritten did not
16 contain the required information that we require on a
17 coupon, which you'll see delineated more specifically in
18 paragraph 19 of the preliminary order under 45-5.185,
19 paragraph 5.

20 In addition, we found out that after the
21 promotion was finished that there were 57 coupons that
22 were not immediately canceled after they had been
23 redeemed. They showed up as terminated because the
24 gaming day had finished and they hadn't been redeemed by
25 that point in time.

1 DRB recommended a \$15,000 fine.

2 We did get a response from the casino to the
3 14-day letter. They indicated that for those that did
4 not have a printed coupon, they did visually confirm on
5 the handheld device that the patron had -- that they
6 did, in fact, have the coupon.

7 They acknowledged that the accounts were
8 not -- some coupons were not immediately canceled upon
9 receipt as the rule required and that they've
10 implemented additional training and procedures to take
11 care of that problem in the future.

12 DRB voted to keep its recommendation of a
13 \$15,000 fine.

14 CHAIRMAN HATCHES: Any questions?

15 Chair would entertain a motion.

16 COMMISSIONER BRADLEY: Motion to approve
17 DC-14-065.

18 COMMISSIONER HOWARD: Second.

19 CHAIRMAN HATCHES: Moved and seconded.

20 Any further discussion?

21 Angie, would you call the roll, please.

22 MS. FRANKS: Commissioner Howard.

23 COMMISSIONER HOWARD: Approve.

24 MS. FRANKS: Commissioner Jones.

25 COMMISSIONER JONES: Approve.

1 MS. FRANKS: Commissioner Bradley.

2 COMMISSIONER BRADLEY: Approve.

3 MS. FRANKS: Chairman Hatches.

4 CHAIRMAN HATCHES: Approve.

5 MS. FRANKS: By your vote you've adopted
6 DC-14-065.

7 MR. GREWACH: The facts that give rise to the
8 disciplines in Tabs L and M arise out of the same event,
9 so I'll again cover the factual background of those two
10 together and then take them up individually.

11 Mark Twain Casino held a promotion in June of
12 2013 in which patrons would get five times their point
13 play each Sunday starting at 6:00 p.m. and ending at
14 2:00 a.m. the next day.

15 A patron complaint revealed that the points
16 were not being awarded after midnight on the Sundays of
17 the promotion, so, therefore, were not being awarded
18 according to the rules of the promotion.

19 The first fine under Tab L is directed to
20 Bally.

21 Bally was aware of this malfunction or
22 anomaly in its program sometime before this event took
23 place, and the regulations require them to notify the
24 MGC within 48 hours and they failed to do that within
25 that timeframe and, therefore, the recommended fine

1 against Bally Technologies is \$5,000.

2 CHAIRMAN HATCHES: Any questions?

3 Chair would entertain a motion.

4 COMMISSIONER JONES: Move for the acceptance
5 of DC-14-066.

6 COMMISSIONER HOWARD: Second.

7 CHAIRMAN HATCHES: Moved and seconded.

8 Any further discussion?

9 Angie, would you call the roll, please.

10 MS. FRANKS: Commissioner Howard.

11 COMMISSIONER HOWARD: Approve.

12 MS. FRANKS: Commissioner Jones.

13 COMMISSIONER JONES: Approve.

14 MS. FRANKS: Commissioner Bradley.

15 COMMISSIONER BRADLEY: Approve.

16 MS. FRANKS: Chairman Hatches.

17 CHAIRMAN HATCHES: Approve.

18 MS. FRANKS: By your vote you've adopted
19 DC-14-066.

20 MR. GREWACH: And Tab M is the preliminary
21 order of discipline for a \$2,500 fine against Mark Twain
22 for not awarding points as set out in the rules of the
23 promotion and for operating a promotion which reflected
24 negatively on the licensee.

25 CHAIRMAN HATCHES: Any questions?

1 Chair would entertain a motion.

2 COMMISSIONER HOWARD: Move for approval of
3 DC-14-067.

4 COMMISSIONER JONES: Second.

5 CHAIRMAN HATCHES: Moved and seconded.

6 Any further discussion?

7 Angie, would you call the roll, please.

8 MS. FRANKS: Commissioner Howard.

9 COMMISSIONER HOWARD: Approve.

10 MS. FRANKS: Commissioner Jones.

11 COMMISSIONER JONES: Approve.

12 MS. FRANKS: Commissioner Bradley.

13 COMMISSIONER BRADLEY: Approve.

14 MS. FRANKS: Chairman Hatches.

15 CHAIRMAN HATCHES: Approve.

16 MS. FRANKS: By your vote you've adopted
17 DC-14-067.

18 EXECUTIVE DIRECTOR STOTTLEMYRE:

19 Mr. Chairman, the next item is Consideration of the
20 Placement on the Exclusion List.

21 Mr. Grewach will present.

22 MR. GREWACH: Thank you.

23 Tab N is a resolution to place John A.
24 Hartman on the exclusion list. Mr. Hartman was the
25 manager of a company that operated parking garages at

1 St. Mary's Hospital. He stole \$15,800 from his
2 employer.

3 On his arrest he indicated that he used the
4 funds for what he described as a very serious gambling
5 binge. Mr. Hartman pled guilty to felony stealing,
6 received seven years, with a suspended execution of
7 sentence, which does create a conviction on his record
8 and makes him eligible, therefore, for the exclusion
9 list.

10 CHAIRMAN HATCHES: Any questions?

11 Chair would entertain a motion.

12 COMMISSIONER BRADLEY: Motion to approve
13 Commission Resolution No. 14-009.

14 COMMISSIONER HOWARD: Second.

15 CHAIRMAN HATCHES: Moved and seconded.

16 Sorry.

17 Any other questions?

18 Angie, call the roll, please.

19 Save me. Save me. I'm going down fast. I'm
20 going down fast.

21 MS. FRANKS: Commissioner Howard.

22 COMMISSIONER HOWARD: Approve.

23 MS. FRANKS: Commissioner Jones.

24 COMMISSIONER JONES: Approve.

25 MS. FRANKS: Commissioner Bradley.

1 COMMISSIONER BRADLEY: Approve.

2 MS. FRANKS: Chairman Hatches.

3 CHAIRMAN HATCHES: Approve.

4 MS. FRANKS: By your vote you've adopted
5 Resolution No. 14-009.

6 CHAIRMAN HATCHES: I'm in my right mind also.
7 In case, John, you had any concerns, I'm okay, and I'm
8 happy.

9 COMMISSIONER HOWARD: No concern. The able
10 staff will just go on without us.

11 CHAIRMAN HATCHES: Right.

12 EXECUTIVE DIRECTOR STOTTLEMYRE:

13 Mr. Chairman, the next item is the Consideration of
14 Rules and Regulations, and Mr. Grewach will present.

15 CHAIRMAN HATCHES: Well --

16 MR. GREWACH: Still here.

17 Under Tab O, Item 1, these all three are
18 final orders of rulemaking. They've all gone through
19 both the written and public comment periods, had public
20 hearings and we're here for the final order of
21 rulemaking.

22 Item 1 is a final order on 45-5.237,
23 shipping of electronic gaming devices. This just
24 clarifies that -- the rule had a provision requiring
25 notice before shipping of electronic gaming devices and

1 it was always our position that they also had in
2 addition to receive approval. It's been our practice to
3 require approval before shipping as well.

4 This rule change just codifies that and
5 clarifies that you not only have to give us notice that
6 you're going to ship but receive our approval prior to
7 shipping electronic gaming devices.

8 COMMISSIONER HOWARD: So we have seen these
9 already as proposed rules?

10 MR. GREWACH: Yes. These have been before
11 you as proposed rules, gone through the hearing --

12 COMMISSIONER HOWARD: I'm not having a
13 deja vu moment?

14 MR. GREWACH: No. No, not at all.

15 COMMISSIONER HOWARD: Good. I thought maybe
16 it was contagious.

17 MR. GREWACH: Tab 2 is change to the Minimum
18 Internal Control standards, Chapter K, which are
19 currency transaction reports.

20 Now, we did receive two comments that you'll
21 see set forth in the Order of Rulemaking. The first one
22 we agreed with the industry's comment and removed the
23 sentence that they requested to be removed.

24 The second involved a requirement we've added
25 to the rules for them to send us copies of the currency

1 transaction reports and suspicious activity reports that
2 they send in to FINCEN, and they commented on that but
3 it was the staff's position that we should retain that
4 in that it's useful to the Patrol personnel that are on
5 the boats to detect any potential criminal activity that
6 may be going on there by receiving these reports
7 simultaneously with them being sent into FINCEN.

8 CHAIRMAN HATCHES: I take it we're going to
9 vote on all these at once?

10 Okay.

11 MR. GREWACH: Chapter S is for management
12 information services.

13 This goes back to a prior change that
14 required the companies to come into compliance with the
15 prior change within three years of the effective date of
16 that rule. That three-year period would end on
17 June 30th, 2014.

18 So this change is to take that language out
19 so it won't be confusing, that three years within the
20 effective date, so we just have taken that out, because
21 by the time this rule becomes effective June 30th, 2014,
22 those three years will have already run.

23 So it will just say, licensees, you have to
24 comply with these requirements.

25 CHAIRMAN HATCHES: Any questions?

1 EXECUTIVE DIRECTOR STOTTLEMYRE: We recommend
2 approval of these rules as stated by Mr. Grewach.

3 CHAIRMAN HATCHES: Any questions?

4 Chair will entertain a motion.

5 COMMISSIONER HOWARD: I'll move for the
6 approval of the final orders of rulemaking,
7 18 CSR 45-5.237, 11 CSR 45-9.111 and 11 CSR 45-9.119.

8 COMMISSIONER BRADLEY: The first one is
9 11 CSR.

10 COMMISSIONER HOWARD: 11. I don't know where
11 I got 18 from.

12 COMMISSIONER BRADLEY: You're sitting too
13 close to him.

14 COMMISSIONER HOWARD: I maybe had something
15 in my mind.

16 COMMISSIONER BRADLEY: Second on that --

17 COMMISSIONER HOWARD: Something that is on my
18 desk in my mind.

19 COMMISSIONER BRADLEY: I'll second that
20 subject to that change with the 11 CSR on all three.

21 COMMISSIONER HOWARD: Thank you. She's
22 watching my back.

23 CHAIRMAN HATCHES: You all are on top of it
24 today. Thanks.

25 We have a motion and a second. Right?

1 COMMISSIONER JONES: Yes.

2 CHAIRMAN HATCHES: Angie, would you call the
3 roll, please.

4 MS. FRANKS: Commissioner Howard.

5 COMMISSIONER HOWARD: Approve.

6 MS. FRANKS: Commissioner Jones.

7 COMMISSIONER JONES: Approve.

8 MS. FRANKS: Commissioner Bradley.

9 COMMISSIONER BRADLEY: Approve.

10 MS. FRANKS: Chairman Hatches.

11 CHAIRMAN HATCHES: Approve.

12 MS. FRANKS: By your vote you have adopted

13 11 CSR 45-5.237, 9.111 and 9.119.

14 MR. GREWACH: Thank you.

15 CHAIRMAN HATCHES: Thank you.

16 EXECUTIVE DIRECTOR STOTTLEMYRE:

17 Mr. Chairman, the next item on the agenda is
18 Consideration of Licensure of Level I and Key
19 Applicants, and Lieutenant Mark Bielawski will present.

20 LIEUTENANT BIELAWSKI: Good morning.

21 CHAIRMAN/COMMISSIONERS: Good morning.

22 LIEUTENANT BIELAWSKI: Mr. Chairman and
23 Commissioners, Missouri State Highway Patrol
24 investigators, along with Gaming Commission financial
25 investigators, conducted comprehensive background

1 investigations on multiple key and Level I applicants.

2 The investigation, in this case singular,
3 included but was not limited to criminal, financial and
4 general character inquiries which were made in the
5 jurisdictions where the applicant lived, worked and
6 frequented.

7 The following individual is being presented
8 for your consideration: Robert A. Myhre, Executive
9 Vice-President and Chief Information Officer, Global
10 Cash Access, Incorporated.

11 The result of this investigation is provided
12 to the Gaming Commission staff for their review and you
13 have all related summary reports before you.

14 CHAIRMAN HATCHES: Thank you. Any questions?

15 Chair would entertain a motion.

16 COMMISSIONER JONES: Move for the approval of
17 Resolution No 14-010.

18 COMMISSIONER BRADLEY: Second.

19 CHAIRMAN HATCHES: Moved and seconded.

20 Any other questions?

21 Angie, would you call the roll, please.

22 MS. FRANKS: Commissioner Howard.

23 COMMISSIONER HOWARD: Approve.

24 MS. FRANKS: Commissioner Jones.

25 COMMISSIONER JONES: Approve.

1 MS. FRANKS: Commissioner Bradley.

2 COMMISSIONER BRADLEY: Approve.

3 MS. FRANKS: Chairman Hatches.

4 CHAIRMAN HATCHES: Approve.

5 MS. FRANKS: By your vote you've adopted
6 Resolution No. 14-010.

7 EXECUTIVE DIRECTOR STOTTLEMYRE:

8 Mr. Chairman, we're ready for a motion to go into
9 closed.

10 CHAIRMAN HATCHES: Me too.

11 COMMISSIONER BRADLEY: I'll make the motion
12 to go into closed meeting under Sections RSMo 313.847
13 under investigatory, proprietary and application records
14 and under Revised Statutes of Missouri 610.021,
15 Subsection 1, concerning legal actions, Subsection 3 and
16 Subsection 13, personnel, and Subsection 14, records
17 protected from disclosure by law.

18 COMMISSIONER JONES: Second.

19 CHAIRMAN HATCHES: Moved and seconded.

20 Any further discussion?

21 Angie, call the roll, please.

22 MS. FRANKS: Commissioner Howard.

23 COMMISSIONER HOWARD: Approve.

24 MS. FRANKS: Commissioner Jones.

25 COMMISSIONER JONES: Approve.

1 MS. FRANKS: Commissioner Bradley.

2 COMMISSIONER BRADLEY: Approve.

3 MS. FRANKS: Chairman Hatches.

4 CHAIRMAN HATCHES: Approve.

5 That's it.

6 WHEREIN, the open portion of the meeting
7 concluded at 11:20 a.m.

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I, Patricia A. Stewart, RMR, RPR, CCR, a

Certified Court Reporter in the State of Missouri, do

hereby certify that the testimony that appears in the

foregoing transcript was taken by me to the best of my

ability and thereafter reduced to typewriting by me;

that I am neither counsel for, related to, nor employed

by any of the parties to the action in which this

hearing was taken, and further that I am not a relative

or employee of any attorney or counsel employed by the

parties thereto, nor financially or otherwise interested

in the outcome of the action.

Patricia A. Stewart

CCR No. 401

MISSOURI GAMING COMMISSION
Second Open Session Minutes
February 26, 2014

The Missouri Gaming Commission (the “Commission”) went into the second open session meeting at approximately 12:40 p.m. on February 26, 2014, at the Commission’s Jefferson City office.

Commissioner Jones moved to adjourn the second open session meeting. Commissioner Howard seconded the motion. After a roll call vote was taken, Howard – yes, Jones – yes, Bradley – yes, and Hatches – yes, the motion passed unanimously.

The meeting ended at approximately 12:41 p.m.